

MEETING OF THE BOARD OF FINANCIAL INSTITUTIONS

December 18, 2013

11:30 a.m.

Minutes

BOARD MEMBERS PRESENT:

Dennis Hymas, Louise Kelly, Kip Cashmore, Rick Beard and Commissioner Ed Leary. Bill Tingey is excused.

DEPARTMENT OF FINANCIAL INSTITUTIONS STAFF PRESENT:

Michael Jones, Paul Allred, and Sonja Long

1. Call Meeting to Order – Commissioner Leary

2. Minutes –

Add a “t” to the first sentence in the paragraph by Kip Cashmore, it should be got, not go. Add the word care on page 2 about 2/3 of the way down in the first paragraph; “have been screaming really loud to take “care” of those...” With those changes, Kip Cashmore made the motion to accept the minutes and Dennis Hymas seconded the motion, it was unanimous.

3. Industry input –

Dennis Hymas – The NCUA has changed their philosophy, it is no more “one size fits all” on capital. It would have implications on PCA. He said that he hears from CUNA that there is progress being made on some bi-partisan regulations for all financial industries. He said that there is good news in their assessments for 2014; the insurance fund didn’t issue an assessment this year. The corporate stabilization assessment has announced that they will not need one next year. He feels that those funds are finally in sufficient shape now. The CFPB’s new rules on foreclosure are pretty bothersome. It can take twice as long now as it used to. Luckily they don’t do a lot of foreclosures.

Rick Beard – He thinks that banking is recovering. There seems to be an uptick, loan growth isn’t robust, but he feels that it is picking up a bit. The housing market seems to have come back. One of the challenges in Utah is making sure that there are other areas to grow in. We will probably continue to see consolidation pressure. It is difficult for small banks to operate in this environment. He discussed some charts that he had received recently. He would like Washington to debate the question of ‘Is there a need for community banks?’ Commissioner Leary said that between his fellow commissioners,

they feel that the community financial services industry is very important especially in the smaller urban areas.

Kip Cashmore – He is also seeing consolidation in his industry, the bigger companies picking up the smaller companies. Their industry has agreed again to share data with the CFPB. They are now working on who the third party data collector will be. They want data to try and make rules. There is an issue going on locally and will see what happens with the legislature this year. The CFPB has a huge turnover, they spend time educating a group and the next time they go back the original people aren't there anymore and it is a new group. The CFPB opened their complaint line about 2 or 3 weeks ago on their industry.

Louise Kelly – They continue to be concerned about the FDIC's denial of new charters. They are seeing more non-traditional players that they have to compete against. She was just appointed to the ABA Government Relations committee. She is excited that an Industrial Bank is represented on that committee. If she can be help in that capacity, please let her know. She was saddened to hear the news about Jim Matheson. He has been a friend to the industry. She thinks it is sad that we are fifth in the nation in banking and we don't have representation on the House Financial Services Committee or the Senate Banking Committee. She thinks that somehow Financial Services could band together to refute the bad publicity using social media or the internet. Commissioner Leary suggested that UBA could help with that.

4. Legislative Preview – Paul Allred

As we finished the 2013 legislative session we were approached by someone who was concerned that some of our provisions in our Title 7 were out of date and so in response, the Commissioner asked each of the industry supervisors to look at their chapters and identify those things which they thought could be updated or repealed. After we did that we put together a technical amendments proposal that we sent out to each of the associations. We did that because it is very important for us to get industry input on what we are proposing to do. We got the feedback on that. All state agencies have a deadline of December 1 for a bill sponsor. We took our proposal to a member of the legislature and asked that they consider sponsoring a bill and they agreed. Once we start the process of asking that a bill file be opened, it becomes protected. We are not supposed to discuss it until it comes out during the session. Kip asked what Title 7 is. Paul explained that Title 7 is the Financial Institutions code and that is the Title that has the credit union chapter, the bank chapter, the payday lending provisions, and the industrial banks chapter. When we go in to make technical amendments it opens it up for anyone to wreak havoc with it. That is why we run our proposals past the associations to get their input on what we should do in addressing some of the concerns that were raised at the end of last session. We feel pretty comfortable with the changes we are asking for.

Commissioner Leary said that there will be a fee reduction bill. It is not a department bill; the industries will work this one. It has concepts that have been discussed with the primary associations.

5. Budget review – Michael Jones

Michael gave out his handout and went through it. He asked for a motion to approve the requested FY 2015 budget. Rick Beard made the motion, Kip Cashmore seconded the motion, and it was unanimous.

6. Out of state travel – Michael Jones

He gave out his handout. The items that are new or have been changed are bolded. He went through the handout. There was a discussion about schools.

7. Current topics – Commissioner Leary

We have a new Lieutenant Governor and he was gracious enough to accept his offer as facilitator of one of the sub-cabinet groups to join our meeting on December 5. It coincidentally was here in our office so he came a little early to get to know the people in our office. We held a briefing of the Lt. Governor prior to the sub-cabinet group meeting. Commissioner Leary gave out some of the handouts that he went over in the briefing to the board members. He went through those handouts.

Kip Cashmore asked how it was working with the CFPB. Commissioner Leary explained that they had done an outreach with the states. He went on to explain how the working situations are with our federal counterparts. A discussion was held on that.

8. Other business –

9. Next meeting – March 18, 2013